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BUDGET PREPARATION AND ADOPTION FOR LOCAL AUTHORITIES

Legislative basis

- Local Government Act 2001 (as amended by S 58 Local Government Reform Act 2014)
- S102 Local Authority Budget
- S103 Local Authority Budget Meeting
- Local Government (Financial & Audit Procedures) Regulations 2014
- Informed by EU requirements that, inter alia, main parameters of National Budget to be published by 15 October each year

Respective Roles & Functions 1

- Corporate policy group involved at outset and assists executive in setting parameters, identification of issues and agreeing approaches
- Chief Executive & Head of Finance to lead at executive level the calculations of the draft Income & Expenditure budgets noting parameters, issues, approaches etc.

Respective Roles & Functions 2

- Authorities will have interim workshops with full Council to inform of approaches, obtain feedback and refine emerging issues
- Municipal Districts – Chief Executive to prepare draft budgetary plan regarding General Municipal Allocation (GMA) for municipal district, for consideration and adoption, with or without amendment

Respective Roles & Functions 3

- Chief Executive takes account of these draft budgetary plans when completing overall, draft local authority budget for the County
- Statutory Budget meeting of the members of the County Council considers and adopts with or without amendment final adopted Revenue Budget for the following year

Key Issues in determining the annual Revenue Budget - Income

- Local Property Tax/General Purposes Grant
- Local Property Tax Variation (if applicable)
- Income from Goods & Services
- Income from Grants & Subsidies
- Commercial Rates
- Miscellaneous Income

Key Issues in determining the annual Revenue Budget –

Expenditure 1

- Determination of Fixed & Non-discretionary costs
 - ❖ Pensions, Wages & Salaries
 - ❖ Loan Charges
 - ❖ Contractual & Statutory Commitments
 - ❖ Fixed & semi-fixed overheads

Key Issues in determining the annual Revenue Budget –

Expenditure 2

- Calculation of Non-Fixed or Discretionary expenditure
- ❖ Will include strategic expenditure areas that while classified as discretionary are discretionary in scale/amount only
- ❖ General Municipal Allocation, determined from available remaining income

Key tasks

- Local Property Tax variation consideration (S20 Finance (Local Property Tax) Act 2012)
- ❖ L.A. may as reserved function resolve to vary LPT by +/- 15% from 2015
- ❖ L.A. must have regard to current financial position, likely Income & Expenditure overall & impact of any decision on the full range of stakeholders

Key tasks

- Public consultation indicated as being required as part of this, details to be confirmed
- Any decision to vary must be taken by end September and notified to Revenue and DECLG by 30/9/14 at latest

Key tasks

- Establishment of single Rate multiplier for Counties where there are merging Town Councils (S29 - S34 L.G. Reform Act 2014)
- ❖ Base Year adjustment
- ❖ Merge over an agreed period of time
- ❖ Rates on vacant premises
- ❖ Duty to inform LA of property transfers
- ❖ Reserved function, formally decided at Statutory Budget meeting

Key tasks

- General Municipal Allocation (GMA)
- ❖ Pool of discretionary funding made available to municipal district members for allocation in draft budgetary plan
- ❖ Level calculated by Chief Executive following determination of overall fixed, semi-fixed and non-discretionary costs & available income

Key tasks

- Completion of budgetary report for L. A. to DECLG
- ❖ Required for EU reporting requirements
- ❖ Sets out preliminary estimate of Income & Expenditure for both Revenue & Capital for coming year
- ❖ To be submitted by 30th September
- ❖ Further details pending

Timelines

- June/July (Indicative) CPG meetings & initial workshops with all members to agree parameters, identify issues, and to consider implications of range of options on LPT, Rates & GMA taking into account current financial position
- July (Indicative) Commencement of public consultation process on LPT variation option

Timelines

- July/August (Indicative) Detailed calculation of subsidiary Income & Expenditure elements within each L.A.
- August (Indicative) Conclusion of public consultation on LPT variation
- September (Deadline) Full Council meeting - Decision on LPT variation (if applicable) as part of overall Budgetary strategy to be taken.
- 30/9/14 (Deadline) L. A. to notify Revenue, if applicable, of any change to LPT Rate for County for 2015
- 30/9/14 (Deadline) L.A. to notify DECLG of draft Budgetary Strategy for County

Timelines

- October - Chief Executive to allocate agreed GMA between the Municipal Districts
- October - M.D.'s to consider and adopt individual draft budgetary plans
- October/November - Chief Executive to formulate final Draft Revenue Budget for County taking account of M.D. draft plans
- Statutory Budget meeting must take place between 1st & 24th November
- 14 day adjournment allowed

Questions ?

